

2008-2009 PERFORMANCE PLAN – Sr. Investment Officer, Global Equity (E. Baggesen)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 st & 2 nd Quarter Status Update
25%	Total Fund Performance	Excess return deviation in basis points relative to Total Fund Performance Benchmark. {SJ1CA1 – CPERST02}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-355 bps {(23.06) – (19.51)}
50%	Global Equity Performance	Excess return deviation in basis points relative to Global Equity Performance Benchmark. {GLOBLIC – CPERSGE2}	-50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5	-100 bps {(34.50) – (33.50)}
5%	Risk Managed Absolute Return Strategies Program	Return Deviation in basis points relative to Program policy. {SNLCA1 – CPERHED2}	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5	-2,227 bps {(16.99) – 5.28}
2.5%	Corporate Governance External	Excess return of CalPERS' external managers under the oversight of the Corporate Governance PM relative to their respective benchmarks: Governance funds asset weighted by invested capital. {SN6KA1 – CPERSEC2}	+75 basis points = 0 +175 basis points = 1.0 +275 basis points = 1.5	-212 bps {(33.97) – (31.85)}
2.5%	Corporate Governance Internal	Excess return of CalPERS Corporate Governance Internal Composite compared to the Corporate Governance Internal Benchmark. {SHPCA1 – CPERSHPC}	0 basis points = 0 +100 basis points = 1.0 +200 basis points = 1.5	+920 bps {(25.29) – (34.49)}
85%	Subtotal	Quantitative Measures		

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 st & 2 nd Quarter Status Update
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process – <ul style="list-style-type: none"> • By 12/1/08 begin the individual 360 feedback survey assessment process. • By 2/1/09 identify one to two areas of personal development. • By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> • By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. • By 12/31/08, participate in a cultural reinforcement session with the Investment Office. • By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. • By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> • Serve on at least one external board or committee; or • Conduct at least one presentation at conference or similar event; or • Write an article. 	From schedule	<p>360 Feedback Process: Completed the review process by September 2008 and identified the areas of communication specifically related to the creation of a new capital allocation process for Global Equity and for the intake of investment proposals. All the personal coaching sessions provided have been used and the coach has reported improvements in the organization's perception of my communication on the specific topics.</p> <p>External Investment Community: Participated in two National Associate of Corporate Directors' (NACD) meetings to carry CalPERS' message on corporate governance to this group.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	1 st & 2 nd Quarter Status Update
	Leadership, cont.	<ul style="list-style-type: none"> <u>Diversity</u> - By June 30, 2009, actively promote and achieve diversity among our investment partners and staff by doing at least two of the following: <ul style="list-style-type: none"> Participate in at least one event designed to recruit staff to CalPERS Participate in at least one outreach, education, or networking event that supports diversity in the public pension fund partner/manager community Identify and gain approval for a diversity related initiative or project in the Investment Office or in the CalPERS enterprise(e.g., identify and implement a new emerging manager program, suggest and obtain approval for an outreach or educational event, identify and eliminate a requirement in an existing program that may serve as an artificial hurdle for new and emerging firms, or identify and implement an expansion or enhancement to an existing diversity program or effort) 		<p>Diversity: Participated in Toigo Foundation event held at CalPERS.</p> <p>Participated in the Women in Investments event.</p> <p>Along with the internal trading team within Global Equity, I have been working with Mosaic (CalPERS diversity consultant) to create a new structured process to measure the effectiveness or the trading relationships. A portion of this work has been to create a specific process to insure that diverse broker/dealer business have a chance to participate in this activity. This process should significantly aid CalPERS' diversity objectives.</p>
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		